MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

TIA3121 – INFORMATION SYSTEMS AUDIT

(All sections / Groups)

15 OCTOBER 2016
9.00 am – 11.00 am
(2 Hours)

Table NO.	
Question	Marks
1	
2	
3	
4	
5	
TOTAL	

INSTRUCTIONS TO STUDENT

1. This question paper consists of 8 pages with **FIVE** questions only.
2. Attempt **ALL** questions.
3. All questions carry equal marks and the distribution of the marks for each question is given.
4. Please write all your answers clearly and neatly in the **blank spaces** provided.

QUESTION 1

(a) What are the objectives of IT audit? How would IT audit achieve these objectives?

[2 marks]

(b) According to Generally Acceptable Auditing Standards (GAAS), what are the requirements of standard field works enforced on IT auditors?

[3 marks]

(c) State the difference between preventive and detective control for the need of auditing computer based information systems? Which control does each of the following procedures belong to?

(i) lock the inventory warehouse
(ii) authorize a credit sale
(iii) count stocks/inventory
(iv) prepare a bank reconciliation

[2 marks]

Continued.....

(d) Continental Bank is experiencing bad publicity of fraud losses in one of the departments. According to the media, there were rogue traders whom did not follow the operating procedure after getting the nod from senior management and this problem might lie within all departments. Based on these assertions, discuss the control environment at Continental Bank.

[3 marks]

QUESTION 2

(a) In an IT audit program, an auditor needs to determine scope of services, objectives, audit procedures and reporting. If you were hired by International Inc. to evaluate their payroll system, develop the audit program in detail.

[3 marks]

Continued.....

(b) Alpha Inc. is a public listed company operating in the financial services sector. It has a large network of subsidiaries, associates and foreign branches. It does not setup an internal audit department and its audit committee does not include any members with a background in finance as suggested in the corporate governance guidelines. Based on the above scenario, explain the inherent risk associated with Alpha Inc.

[2 marks]

(c) Commerce International Merchant Bankers (CIMB) is a leading financial institution operating in ASEAN countries. They provide banking services and have a wide retail branch network branches across the region. Devise and explain TWO types of IT audit you would most likely perform for CIMB?

[3 marks]

Continued.....

(d) As an IT auditor, devise FOUR compliance regulations that you could use in conducting a compliance review of a public manufacturing company in Malaysia.

[2 marks]

QUESTION 3

(a) Mediterranean Foodie Inc. (MFI) is a national fast food restaurant chain which owns and operates 174 stores, with average annual revenue of RM 650,000 per store. MFI uses a centralized server based in Kuala Lumpur for its logistics, financials and other functions. Analyse FOUR types of risks associated with MFI.

[4 marks]

(b) Formulate the risk in which an IT auditor fails to detect actual or potential material losses or account misstatements at the conclusion of the audit. Identify the relationship between the components of audit risk if the IT auditor is willing to give an unqualified opinion though there is material misstatement.

[2 marks]

Continued.....

(c) Illustrate an internal control flowchart among supervisor, user and manager when user wants to submit the completed review of threats identification for approval manually. Identify at least an internal control.

[4 marks]

QUESTION 4

(a) Conclude FOUR possible technological and physical threats for a new start-up software company, Creative Software Inc. during the IT audit process.

[4 marks]

Continued.....

(b) Evaluate FOUR methods a hacker might use social engineering to penetrate a business network system.

[2 marks]

(c) Compare the types of asset misappropriation: skimming versus cash larceny.

[2 mark]

(d) Critique FOUR types of executive characteristics which might help to uncover fraudulent activity in order to reduce company's losses to an acceptable level.

[2 marks]

Continued.....

QUESTION 5

(a) Relate each of the followings either as a field, record or file interrogation:

(i) Missing data check
(ii) Range check
(iii) Sequence check
(iv) Numeric-alphabetic data check
(v) Expiration date check
(vi) Version check

[3 marks]

(b) What are the caveats of test decks and integrated test facilities?

[3 marks]

(c) Describe TWO examples of e-business policy. Defend the importance of these policies from IT auditors' perspectives.

[4 marks]

End of Page